



Irish Life Weekly Investment Bulletin

The week that was – WEEK 32 (ending 05/08/2016)

“ No victor believes in chance. ” – Friedrich Nietzsche

Irish consumer sentiment declines less than expected after Brexit – The KBC Bank Ireland/ESRI consumer sentiment index fell to 99.6 in July from 103.4 in June. The 3.8% drop was smaller than expected and ahead of expectations, particularly given the deterioration in the comparable U.K. measure after Brexit.

Irish manufacturing slows – The Manufacturing Purchasing Managers' Index (PMI) fell to 50.2 in July from 53.0 in June in the wake of the U.K. Brexit vote. The reading was the lowest since May 2013 and just above the 50 level that separates expansion from contraction, with a fall in new orders for the first time in three years

Global stock market up slightly on the week – The World stock market (MSCI AC World) was up 0.1% in local currency to 5th August from 1st August as markets rebounded on the U.K. rate reduction and better news on the U.S. jobs front later in the week. The Volatility Index (VIX) reduced on the week from 11.87 to 11.30.

FTSE 100 hits 12-month high after BoE rate cut – The FTSE 100 reached a 12-month high following the Bank of England's historic move to cut rates to a record low of 0.25%, while also expanding its Quantitative Easing (QE) programme with a £60bn government bonds and £10bn corporate bonds buying package.

U.S. jobs report stronger than expected – July nonfarm payroll numbers in the U.S. were far higher than forecast, rising 255,000, which was 75,000 more than predicted. This boosted optimism about the strength of the U.S. economy and markets rose on the announcement. It increases the odds of 2016 interest rate hikes.

U.K. gilt yields plunge to record low after rate reduction – Yields for the 10-year U.K. gilt tumbled to 0.644%, marking a fresh record low, following the Bank of England's decision to cut its benchmark interest rate for the first time in seven years. Germany's 10-year bond yield fell further, dropping to negative 0.098%.

The Story of the week: A lovesick man was hospitalised after waiting 10 days for a girlfriend who never showed up. Dutchman Alexander Pieter Cirk, 41, required medical treatment for physical exhaustion after his epic wait at Changsha airport in China's Hunan province. He had flown from the Netherlands to China to meet a woman he'd been talking to online. However, when he landed at the airport there was no one there to greet him - so he waited ... and waited. After 10 days, Mr Cirk, who is diabetic, was admitted to hospital. He flew back to the Netherlands without having met up with 'Zhang' who told a local TV station that she hadn't expected her online-boyfriend to show up in real life and said she was out of town – and didn't receive any phone messages from him.

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Index Performances and Market Data*

Equity Markets % (in Local Currency)	2011	2012	2013	2014	2015	2016 YTD (to 05/08)
ISEQ Overall Return	2.6	20.5	35.8	16.8	33.6	-12.9
FTSE 100 TR	-2.2	10.0	18.7	0.7	-1.3	11.6
Euro Stoxx 50 TR	-14.1	18.1	21.5	4.0	6.4	-6.6
S&P 500 TR	2.1	16.0	32.4	13.7	1.4	8.2
Nasdaq Composite	-1.8	15.9	38.3	13.4	5.7	4.3
Nikkei 225	-17.3	22.9	56.7	7.1	9.1	-14.6
MSCI Emerging Markets	-14.9	13.9	0.9	2.6	-8.0	7.0
MSCI AC World	-8.5	13.2	22.9	7.2	-0.7	2.5
Sovereign 10yr Bond Yields (%)	2011	2012	2013	2014	2015	2016 YTD
U.S.	1.9	1.7	3.0	2.2	2.2	1.6
German	1.8	1.4	1.9	0.5	0.6	-0.1
UK	2.0	1.9	3.0	1.9	1.9	0.6
Japan	1.0	0.7	0.7	0.3	0.2	-0.1
Ireland	8.4	4.5	3.4	1.3	1.1	0.4
Italy	7.1	4.6	4.1	2.1	1.6	1.1
Greece	31.7	12.7	8.2	9.6	7.9	8.1
Portugal	13.4	6.9	6.1	2.7	2.5	2.8
Spain	5.1	5.4	4.1	1.6	1.7	1.0
Central Bank Rates (%)	2011	2012	2013	2014	2015	2016 YTD
ECB	1	0.75	0.25	0.05	0.05	0.0
Bank of England	0.5	0.5	0.25	0.50	0.50	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.25	0.50	0.50
Foreign Exchange Rates	2011	2012	2013	2014	2015	2016 YTD
Euro/Dollar (€/\$)	1.30	1.31	1.37	1.21	1.09	1.11
Euro/Sterling (€/£)	0.83	0.81	0.83	0.78	0.75	0.85
Sterling/Dollar (£/\$)	1.55	1.61	1.65	1.56	1.46	1.31
IPD All Property Return (%)	2011	2012	2013	2014	2015	2016
Ireland	-2.4	3.1	12.7	40.1	25.0	2.9 (to end of Q1)
U.K.	8.1	2.7	10.7	17.8	13.1	1.1 (to end of Q1)
U.S.	14.5	5.3	11.4	11.2	12.1	2.1 (to end of Q1)

*Past performance is not a reliable guide to future performance